

Ins 401.03 Rate filings

(a) Forms for which rates shall be filed and approved are as follows:

(1) Under this part, rate filings shall be required for all individual accident and health insurance forms and for all group accident and health insurance forms subject to the loss ratio standards of Ins Part 1902, Medicare Supplement Policies.

(2) Rates which are revisions of currently filed and approved premium rates may not be put into effect for policy forms specified in Ins 401.03(a)(1) above without the prior approval of the insurance department.

(b) The following rate standards shall apply to forms filed under Ins 401.03(a)(1):

(1) Rate filings shall be examined to determine whether the benefits therein are reasonable in relation to the rates charged and whether rates are consistent and equitable among classes of prospective insureds.

(2) Rate revisions on policy forms previously approved shall be examined further to determine:

a. If an attempt is being made to recoup losses in prior years, and

b. If an attempt is being made on closed blocks of business to increase rates based on recent loss ratio patterns without consideration of the experience of the entire block of business since its inception.

c. Justification for such action shall be sought before the rate revision is further examined.

(3) The anticipated loss ratios required to be filed in accordance with Ins 401.03(c)(4) shall meet or exceed the following minimum anticipated loss ratios:

a. Non-renewable short-term individual accident only policies — 40 percent.

b. All other individual accident only policies — 45 percent.

c. Individual accident and health insurance policies subject to Ins 1902.11 — 65 percent.

d. Non-cancellable individual disability income policies — 45 percent.

e. Other individual accident and health insurance policies — 50 percent.

f. Franchise health insurance policies — 60 percent.

g. Franchise accident only policies — 55 percent.

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h. Group accident and health insurance subject to Ins 1902.11 — 75 percent.

(4) The instruction found in Ins 401.03(c)(3) shall be explicitly followed. Vague references to anticipated loss ratios such as "claims will average at least 50 percent of premium," shall be unacceptable.

(c) Data required should be broken down by the type of filing as follows: All proposed rate sheets shall be filed on 8 ½ x 11 sheets with the name and address of the company appearing on the rate sheet, unless submitted in rate-book form, and shall also contain:

(1) For new filings an actuarial memorandum shall be submitted describing how premium rates were computed. The memorandum shall include suitable data indicating the basis for the rates, such as the expected claim costs, the tables or experience, if any, upon which the rates have been based and an explanation of how the premium rates were obtained, including persistency and expense assumptions wherever applicable. When modifications have been based on judgment, this shall be indicated as well as any other relevant information which the company feels is appropriate.

(2) For revision of current rates on existing policies, a memorandum shall be submitted setting forth the reason and nature of the revision. In addition, the memorandum shall state the detailed areas revised, the existing rates, the revised rates, an estimate as to the percentage and aggregate expected average increase or decrease in premiums, the recent experience under existing rates showing premiums on an earned basis and showing losses on an incurred basis. Such experience shall cover the period from the date of the last premium revision or policy approval to the present. Additional pertinent information may be requested when the increase is substantial in amount or when other circumstances are unusual.

(3) All filings of individual accident and health insurance rates, whether new filings or rate revisions, shall be accompanied by a statement from the insurer's filing officer certifying that the filing conforms to the minimum anticipated loss ratios required in Ins 401.03(b)(3).

(4) All rate filings shall include the anticipated loss ratio which is expected to be incurred over the lifetime of the policy or, at the option of the insurer, 20 years or shorter. Such a loss ratio shall be based on a typical distribution of business anticipated to be sold in a period of 12 months followed to its conclusion and will be calculated as the ratio of

the present value of all expected future benefits, excluding dividends, to the present value of all expected future premiums. Realistic actuarial assumptions, including persistency, shall be employed in calculating such loss ratio; such assumptions shall be submitted with each rate filing. Approximate methods may be used if such methods do not produce higher loss ratios than more precise methods.

(5) The New Hampshire Insurance Department shall examine requests for rate increases on an individual basis as appropriate. It is realized that there are many factors relative to a determination of a reasonable loss ratio for any given coverage. Some of the factors are type of coverage; level of premiums; loss ratio trends; expenses; active life and claim reserves as they pertain to rate increases; statistical significance of experience figures in each rating category; nature of guarantees; previous history of dividend distribution and absolute size of the most recent loss ratios.

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